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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000435

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TAGS: [PGOV](#) [PREL](#) [IT](#)

SUBJECT: ITALIAN ELECTIONS: U.S. INTERESTS TO BENEFIT
REGARDLESS OF OUTCOME (BUT ODDS ARE BERLUSCONI WILL WIN)

REF: A. ROME DAILY REPORT (31 MAR 2008)
[1](#)B. ROME DAILY REPORT (27 MAR 2008)
[1](#)C. ROME 0276
[1](#)D. NAPLES 0025

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Classified By: CDA Anna M. Borg for reasons 1.4 (b) and (d).

SUMMARY

[1](#)1. (C/NF) Former PM Silvio Berlusconi retained a 5 to 8 percentage point lead ahead of April 13-14 parliamentary elections with late March polls showing he will win a comfortable majority in the Chamber of Deputies. The situation in the Senate is less predictable because of a complicated regional formula for distributing seats. In the event of a clear victory in both houses, Berlusconi would govern with his center-right coalition. If he does not carry the Senate comfortably, he could be forced into an alliance with former ally Pierferdinando Casini (Union of Christian Democrats of the Center) or even Democratic Party leader Walter Veltroni. The electoral campaign has been short on substance for a disinterested Italian public anxious for real change but skeptical of Italy's political class. An emerging foreign policy consensus and a future government without the far left mean any of the likely electoral outcomes should bring improved U.S. foreign policy cooperation with Italy and an improved tone in our relationship (see septel). END SUMMARY.

BERLUSCONI LEADS NATIONALLY: SENATE UNPREDICTABLE

[1](#)2. (C/NF) In data released the week of March 28, the last day opinion polls could be published in advance of Italy's April 13-14 parliamentary elections, former PM Silvio Berlusconi's People of Liberty coalition (PdL) led Walter Veltroni's Democratic Party (PD) by an average of five to eight percentage points (REF A). Berlusconi's personal pollster confidently told the Ambassador March 26 that Berlusconi was up by eight percentage points (REF B). That said, Veltroni is claiming that he has staged "the greatest comeback in Italian history" and is running neck-and-neck with Berlusconi. Though Berlusconi's lead may have narrowed in recent weeks, virtually all pollsters and political analysts predict Berlusconi will win the national electoral vote. This would automatically translate into a 54 percent majority in Italy's lower Chamber of Deputies (REF C).

[1](#)3. (C/NF) Rules for distributing seats in the Italian Senate are more complicated and regionally based (REF C).

Predictions for the Senate range from a Berlusconi majority of twenty seats to a situation in which no coalition wins a clear majority. Berlusconi's pollster predicted his Senate advantage would be from five to nine senators but said it was conceivable Berlusconi could reach a fifteen-seat majority. Current Forza Italia Group Leader in the Senate Renato Schifani told the Ambassador April 1 that Berlusconi must have a minimum of a five-seat majority among elected senators in order to comfortably overcome the tendency of Italy's Senators-for-life to vote center left by a ratio of five-to-two.

POST ELECTION CAMPAIGN SCENARIOS

14. (C/NF) Four post-election scenarios are being discussed in Rome:

BERLUSCONI GOVERNS: If Berlusconi wins the national vote and also takes a comfortable majority in the Senate, he could govern with only the PdL, the Northern League (LN) and a few minor allies.

BERLUSCONI GOVERNS WITH CASINI: If Berlusconi wins the Chamber and there is relative parity in the Senate, Berlusconi could ask one-time centrist ally Pierferdinando Casini (UDC) to join a coalition government.

"VELTRUSCONI" GOVERNS: If Berlusconi and Veltroni each take one of the chambers of parliament or there is relative parity in the Senate, the two could be forced to forge some type of post-electoral agreement in order to enact key reforms (although a "Unity" government seems unlikely).

VELTRONI GOVERNS: Veltroni wins a surprise victory in both chambers and forms a government.

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CAMPAIGN STILL DOMINATED BY PERSONALITY

15. (C/NF) Six days remain before elections. Berlusconi and Veltroni have run bland campaigns dominated by their personalities, not their policy proposals. With personality taking center stage, and both candidates promising to slash the size and cost of government, raise pensions, lower taxes, and cut red tape for businesses, the press has focused on disputes over the organization of electoral ballots and off-color remarks by Berlusconi's frequently off-color ally, LN leader Umberto Bossi. The only apparent policy difference between Berlusconi and Veltroni appears to be their respective approaches to Italy's "precarious" workers (i.e. workers without fixed, long-term contracts), but even that difference is mostly rhetorical.

16. (C/NF) One consistent Berlusconi position has been his politically opportunistic offer to save (perhaps to buy) Italy's beleaguered Alitalia airline and keep open Milan's Malpensa airport. In the South, Berlusconi has seized upon the garbage crisis as a campaign issue, linking Veltroni to Campania's struggling Regional President, Antonio Bassolino (PD) (REF D). In a campaign reminiscent of, and even partially modeled on, Barack Obama's presidential bid, Veltroni has stressed the need to break the grip of special interests on government and to provide greater economic security for Italy's lowest paid workers.

A FOREIGN POLICY CONVERGENCE

17. (C/NF) Senate President Marini told the Ambassador March 4 that the United States (U.S. foreign policy interests, in particular) is the winner in Italy's current political turmoil, pointing out that Italy's foreign missions were renewed by an 80 percent majority in the Senate. For the

past two years, renewals had been highly contested by far-left members of the Prodi government, nearly leading to a government crisis in 2007.

18. (C/NF) Italy's foreign policy has traditionally rested on two main pillars: participation in European institutions and the transatlantic relationship. In the past, center-left politicians have emphasized European unity and downplayed ties with the U.S. due to political alliances with far-left parties hostile to the U.S. Running without the far-left, the PD's foreign policy positions and Veltroni's comments have been distinctly more positive toward the U.S. At the same time, Berlusconi has moderated his Euro-skepticism to the effect that Veltroni and Berlusconi's foreign policies, at least superficially, now appear similar: pro-US and pro-EU.

COMMENT

19. (C/NF) Italy's 2008 election campaign has been low key by historical standards, despite a few unremarkable flare ups, though the rhetoric may heat up in the final days as candidates target the ten percent of voters who remain undecided. Voter participation is expected to be low. For ambivalent Italians, the core issue is whether Italy's political class (led either by Berlusconi or Veltroni) is capable of tackling the economic and institutional reforms the country desperately needs. For the U.S., we anticipate improved relations with Italy in any of the above scenarios as Italy will be, for the first time in two years, governed without the far left.

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